

# **SCHEDULE 7**

FIRST AMENDED AND RESTATED  
NON-TAX QUALIFIED DECOMMISSIONING TRUST

THIS TRUST AGREEMENT between UNION ELECTRIC COMPANY, a corporation organized and existing under the laws of the State of Missouri (hereinafter referred to as the "Company"), and BOATMEN'S TRUST COMPANY OF ILLINOIS, a corporation organized and existing under the laws of the State of Illinois (hereinafter referred to as the "Trustee"), to be effective as of January 1, 1994.

WITNESSETH:

WHEREAS, the Trustee and the Company concurrently herewith entered into a Second Amended and Restated Tax Qualified Decommissioning Trust, for the purpose of establishing and maintaining a trust to be funded by the Company with revenues collected from its retail and wholesale customers, including those residing within the State of Illinois, to cover the anticipated costs associated with decommissioning the Callaway nuclear power plant, Callaway County, Missouri (the "Callaway Plant"), at the end of its operational life; and

WHEREAS, the aggregate annual revenues collected by the Company which may be paid into the qualified trust cannot exceed the maximum amount allowable as a deduction for federal income tax purposes in the year the payments are made, in accordance with Section 468A of the Internal Revenue Code of 1986; and

WHEREAS, the Illinois Commerce Commission of the State of Illinois (the "ICC") ordered the Company to establish and

maintain a separate independent trust to hold and invest those monies which are or may be collected by the Company from its Illinois retail customers and not placed in the qualified trust; and

WHEREAS, Boatmen's Trust Company and the Company entered into a "Non-Tax Qualified Decommissioning Trust" agreement, effective January 16, 1989, in order to comply with the ICC order; and

WHEREAS, Company desires to amend and restate the non-tax qualified decommissioning trust agreement, in order to appoint as Trustee Boatmen's Trust Company of Illinois, and to make certain additional changes.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the Company and the Trustee hereby agree that, effective as of January 1, 1994, the non-tax qualified decommissioning trust agreement is amended and restated in its entirety to give recognition to the appointment of Boatmen's Trust Company of Illinois as Trustee and to additional amendments, all to read as follows:

#### ARTICLE I

1.01. The Company shall transmit to the Trustee, as soon as reasonably practicable after the end of each calendar quarter, any revenues collected from its Illinois retail customers ("Revenues"), during such calendar quarter for the purpose of

providing funds to cover the portion of the anticipated costs associated with decommissioning the Company's Callaway Plant at the end of its operational life which are non-tax qualified. The non-tax qualified anticipated decommissioning costs and expenses shall include all reasonable costs and expenses (i) not expected to qualify as a deduction for federal income tax purposes under Section 468A of the Internal Revenue Code of 1986, and (ii) expected to be incurred in connection with the entombment, decontamination, dismantlement, removal and disposal of the structures, systems and components of the Callaway Plant at the time of decommissioning, including all expenses to be incurred in connection with the preparation for decommissioning, such as engineering and other planning expenses, and to be incurred after the actual decommissioning occurs, such as physical security and radiation monitoring expenses, less proceeds of insurance, salvage or resale of machinery, construction equipment or apparatus the cost of which was charged as a decommissioning expense. Each transmittal shall be in the form of a separate Company check made payable to the Trustee. The Trustee shall be under no duty to inquire as to the correctness of the amounts paid by the Company, nor to bring proceedings or otherwise seek to enforce transmittal of Revenues from the Company.

1.02. The Trustee shall establish and maintain a separate and independent trust fund, the "Trust Fund" or Trust." All Revenues received by the Trustee and the increment, increase,

earnings and income thereof shall be held, invested, reinvested, managed and administered through the Trust Fund.

1.03. The Company may appoint one or more investment advisors to direct the Trustee with respect to the investment of all or a specified portion of the assets held by the Trustee. The appointment of any investment advisor shall be effective as of the date specified by the Company, but not before it has been accepted in writing by the investment advisor and notice of such appointment and acceptance given by the Trustee. The Company may remove, or change the assets subject to the control of, any investment advisor previously appointed hereunder, but the Trustee may follow the instructions of a properly appointed investment advisor until informed by the Company that such investment advisor has been removed or its authority over particular assets changed.

1.04. This Trust Agreement and the Trust Fund are established for the sole purpose of holding and investing Revenues that do not satisfy the applicable requirements under Section 468A of the Internal Revenue Code of 1986, as amended and in effect from time to time, and the applicable rules and regulations promulgated by the Internal Revenue Service with respect to a Tax Qualified Nuclear Decommissioning Reserve Fund.

## ARTICLE II

2.01. Subject to applicable federal and state regulations, the Trustee shall prudently invest and reinvest the principal and income of the Trust Fund and keep the Trust Fund invested, without distinction between principal and income, and in such a way as to attempt to maximize the after-tax return on the investments and reinvestments. Investments may include, but are not necessarily limited to, equity investments, fixed income securities, cash equivalents, index and mutual funds, and other commingled funds. Selection of the investment media for the investment and reinvestment of the principal and income of the Trust Fund shall be in the sole discretion of the Trustee, except for any portion of the Trust Fund that may be subject to the instructions of an additional investment advisor; provided, however, that investments shall be so diversified as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so; and further provided that on the written request of the Company to retain cash, the Trustee shall retain so much cash as shall be specified in such request and shall be under no obligation to invest the same as herein provided, and also that the Trustee in its discretion may retain cash temporarily awaiting investment. The Trustee shall prepare and file all federal, state and local income tax returns that may be required as a result of the investment and reinvestment of the principal and income of the Trust Fund.

2.02. Expenses incidental to the administration of the Trust Fund including, but not by way of limitation, legal or accounting fees, inspection and audit expenses incurred pursuant to Article 5.01 hereof, the expenses incurred by the Trustee in the performance of its duties hereunder, including reasonable fees for legal services rendered to the Trustee and expenses incident thereto, such compensation to the Trustee as may be agreed upon in writing from time to time between the Company and the Trustee, and all other proper charges and disbursements of the Trustee, including all real and personal property taxes, income taxes, transfer taxes, and other taxes of any and all kinds whatsoever that may be levied or assessed under existing or future laws of any jurisdiction upon or in respect of the Trust hereby created or the Trust Fund or any money, property or securities forming a part thereof, shall be paid by the Trustee out of the Trust Fund, and the same shall constitute a charge upon the Trust Fund. After notice to the Company and at the request of the Company, the Trustee shall contest any tax or other charge which may be levied or assessed against the Trust Fund and the expenses of such contest shall be paid out of the Trust Fund; but it shall not be required to institute or continue such contest unless the Trust Fund contains monies adequate for that purpose, or unless it is indemnified to its satisfaction by the Company against its counsel fees and all other expenses, costs and liabilities to which, in its judgment, it may be subjected by any such action. Before obligating itself for

extraordinary fees or expenses, the Trustee shall in each case discuss with the Company the occasion therefor and the advisability thereof.

### ARTICLE III

3.01. In addition to such other powers as are herein otherwise conferred upon the Trustee, the Trustee is authorized and empowered:

- (a) To employ such counsel and agents as may be reasonably necessary in managing, protecting and administering the Trust Fund and to pay such agents and counsel reasonable compensation. Any legal counsel shall be of the Trustee's own selection and may be of counsel to the Trustee, in its individual capacity, or of counsel to the Company.
- (b) To register any securities or any property held by it in its name, or in the name of a nominee, with or without disclosure that the same are held in a fiduciary capacity, to take or keep the same unregistered, and to retain the same or any part thereof in such manner that title thereto will pass by delivery; provided, however, that on the books and records of the Trustee, such investments shall be shown



to be part of the Trust Fund and no such registration or holding, as herein provided, shall relieve the Trustee of liability for the safe custody and proper disposition of such investments, in accordance with the terms and provisions hereof.

- (c) To vote any securities of any issuer at any time in the Trust Fund, and to give general or special proxies or powers of attorney, with or without substitution, with respect thereto; to consent to, participate in, and take any action in connection with, reorganizations, recapitalizations, consolidations, mergers, liquidations and similar transactions with respect to issuers of securities constituting assets of the Trust Fund, and to receive and retain any securities resulting from any such transactions; to deposit the securities of any issuers in any voting trust or with any protective or like committee, or trustee, and to exercise any subscription rights, conversion, or other rights or privileges, with respect to any securities in the Trust Fund.
- (d) To adjust, compromise or otherwise settle any obligation or liability due to, or from, it, as Trustee hereunder, including any claim that may be asserted for taxes under present or future laws, local, state or federal, or to enforce or contest the same by appropriate legal procedures; but it shall not be

required to institute or continue litigation unless it is in possession of funds adequate for that purpose, or unless it is indemnified to its satisfaction by the Company against its counsel fees and all other expenses, costs and liabilities to which, in its judgment, it may be subjected to by any such action; provided, however, that the Trustee shall have no power or authority to deviate from such directions as the Company may give to it with respect to payment of money, either as to amount or the time or times of such payments, or as to the persons entitled thereto.

- (e) To do all acts, whether or not expressly authorized, which it may deem necessary or proper for the protection of the Trust Fund held hereunder.

3.02. Except for the payment of expenses as provided for in Article 2.02 hereof or except as provided in Articles 3.03, 3.04 and 3.05 hereof, disbursements of funds from the Trust Fund shall be made by the Trustee solely to pay decommissioning costs and expenses of the Callaway Plant, and only at the time, in the amount, and in the manner prescribed by written instruction from the Company delivered to the Trustee. The Trustee shall be under no obligation to check or verify the correctness of the instructions given to it by the Company, its only duty being to follow the directions of the Company.

3.03. Upon written instructions of the Company delivered to the Trustee, the Trustee shall transfer funds held hereunder to

any other trust, which is now or hereafter may be utilized by the Company to fund decommissioning costs and expenses previously funded by this Trust. The Trustee shall be under no obligation to check or verify the correctness of the instructions given to it by the Company, its only duty being to follow the directions of the Company.

3.04. Any funds remaining in the Trust Fund after the payment of all decommissioning costs and expenses as provided for in Article 3.02 and the payment of all expenses as provided for in Article 2.02 shall, upon written instruction from the Company, be refunded by the Trustee to the Company and this Trust Agreement shall terminate and neither party shall have any further responsibility or obligation with respect thereto except for the filing of reports and the payment of taxes. The Trustee is empowered to retain from the Trust Fund such amount of money as is reasonably necessary to pay taxes and other expenses that have accrued but have not been paid.

3.05. In the event the Company sells or otherwise disposes of its ownership interest, or any part thereof, in the Callaway Plant, the funds of the Trust shall be distributed to the Company to the extent of the reductions in its liability for future decommissioning after taking into account the liabilities of the Company for future decommissioning of the Callaway Plant and the liabilities that have been assumed by another entity.

#### ARTICLE IV

4.01. The Trustee shall discharge its duties under this Trust Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, all in accordance with the provisions of this Trust Agreement. The Trustee shall be fully protected, however, in relying upon information furnished by the Company which is required for the administration and operation of the Trust Fund created hereunder, and shall not be liable for any action taken or omitted, in reliance on such information.

4.02. The Trustee may consult with counsel (who may be counsel for the Company or for the Trustee in its individual capacity) and shall be fully protected in acting in good faith upon advice received from such counsel. The Company agrees, to the extent permitted by law, to indemnify and hold the Trustee harmless from and against any liability that the Trustee may incur in the administration of the Trust Fund, unless arising from the Trustee's own negligent or willful breach of the provisions of this Trust Agreement. The Trustee shall not be required to give any bond or any other security for the faithful performance of its duties under this Trust Agreement, except such as may be required by a law which prohibits the waiver thereof.

## ARTICLE V

5.01. The Trustee shall keep accurate and detailed accounts of the Revenues received, investments made with the Revenues, receipts and disbursements through the Trust, all costs incurred, income from the Trust, and other transactions hereunder and all such accounts and other records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by the Company. Within thirty (30) days following the close of each calendar quarter or such other accounting period as the Company may from time to time designate, and within thirty (30) days after the removal or resignation of the Trustee as provided under Article 6.02 hereof, the Trustee shall file with the Company a written account setting forth the Revenues received, investments made with the Revenues, receipts and disbursements through the Trust, all costs incurred, income from the Trust, and other transactions with respect to the Trust Fund effected by it during such calendar quarter or during the period from the close of the last calendar quarter to the date of such removal or resignation.

5.02. Within thirty (30) days following the close of each calendar quarter or such other accounting period as the Company may from time to time designate, and within thirty (30) days after the removal or resignation of the Trustee as provided under Article 6.02 hereof, the Trustee shall file with the Company and the ICC a written report showing the Trust's portfolio of

investments and the return thereon, as well as the amount of and the date of receipt of the Revenues. A copy of all non-privileged written correspondence between the Trustee and the Internal Revenue Service shall be sent to the Company and to the ICC within fifteen (15) days of the date of such correspondence.

5.03. Within fifteen (15) days after submitting a federal, state or local income tax return or any other report or document with any federal, state or local agency pertaining to the Trust Fund or this Trust Agreement, the Trustee shall submit a copy thereof to the Company and to the ICC.

5.04. Notwithstanding any other provision of this Article V, the Trustee shall have the right to have a judicial settlement of its accounts. In any proceeding for a judicial settlement of the Trustee's accounts, or for instructions in connection with the Trust Fund, the only necessary party thereto in addition to the Trustee shall be the Company.

#### ARTICLE VI

6.01. The Company shall have the right to amend this Trust Agreement; provided, however, that no such amendment shall become effective until it is delivered to and signed by the Trustee hereunder, and nothing therein contained shall increase the duties and liabilities of the Trustee without its written consent.

6.02. The Trustee may be removed by action of the Company at any time upon thirty (30) days' notice in writing to the Trustee. The Trustee may resign at any time upon thirty (30) days' notice in writing to the Company. In either case, the necessity for such thirty (30) days' notice may be waived by the mutual agreement of the Trustee and the Company. Upon such removal or resignation of the Trustee, the Company shall appoint a successor trustee who shall have the same powers and duties as those conferred upon the Trustee hereunder, and upon acceptance of such appointment by the successor trustee, the Trustee shall assign, transfer and pay over to such successor trustee the funds and properties then constituting the Trust Fund, together with such records or copies thereof as may be necessary to fulfill the function of trustee.

#### ARTICLE VII

7.01. The Trustee hereby accepts this Trust and agrees to hold all the property now or hereafter constituting the Trust Fund hereunder, subject to all the terms and conditions of this Trust Agreement.

7.02. In fulfilling its responsibilities and duties hereunder, the Trustee shall comply with pertinent federal, state and local laws and regulations applicable to trust companies and fiduciaries performing similar functions.

7.03. The Trust, the Company and the Trustee shall be subject to the prohibitions against self-dealing contained in or incorporated in Section 468A of the Internal Revenue Code of 1986, or any successor thereto, and the rules and regulations promulgated with respect thereto, which Section and which rules and regulations are hereby incorporated herein by reference.

7.04. The Trustee shall be entitled conclusively to rely upon any written notice, instruction, direction, certificate or other communication believed by it to be genuine and to be signed by the proper person or persons, and the Trustee shall be under no duty to make investigation or inquire as to the truth, accuracy or completeness of any statement contained therein.

7.05. The Trustee shall not permit the indicia of ownership of any of the assets of the Trust Fund to be maintained at a location outside the jurisdiction of the district courts of the United States.

7.06. This Trust Agreement is subject to all laws, statutes, rules and regulations, now and hereafter in effect, of any applicable governmental body of competent jurisdiction.

7.07. This Trust Agreement shall be construed and enforced according to the laws of the State of Illinois, and all provisions hereof shall be administered according to the laws of said State insofar as such laws are not preempted by Federal statute.

7.08. Any notice, request, instruction, direction, requisition or other document required or permitted to be given



under this Trust Agreement shall be sufficiently given if delivered in person or when deposited in the United States mail, postage prepaid as follows:

If to the Company, delivered or addressed to:

Union Electric Company  
1901 Chouteau Avenue  
P.O. Box 149  
St. Louis, Missouri 63166  
Attention: Secretary

If to the Trustee, delivered or addressed to:

Boatmen's Trust Company of Illinois  
23 Public Square  
P.O. Box 367T  
Belleville, Illinois 62222  
Attention: Pension and Institutional  
Division

or to such other address as may be specified from time to time by said party or parties.

Any report or document submitted to the ICC shall reference Docket No. 93-0300 and shall be sent by United States mail, postage prepaid, as follows:

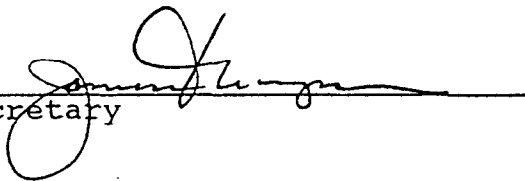
Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, IL 62706  
Attention: Chief Clerk

7.09. The Trustee, by joining in the execution of this Trust Agreement, hereby accepts the foregoing Trust and agrees to carry out the provisions thereof to be performed by the Trustee.

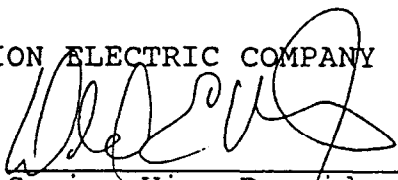
7.10. This Trust Agreement and the provisions hereof shall inure to and be binding upon the respective successors of the Company and the Trustee.

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be executed by their respective duly authorized officers and their corporate seals to be hereunto affixed.


ATTEST:

  
Secretary

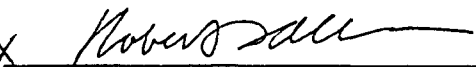
UNION ELECTRIC COMPANY

By   
Senior Vice President

ATTEST:

X   
Trust Officer

BOATMEN'S TRUST COMPANY  
OF ILLINOIS

By X   
~~Vice~~ President

December 16, 1997



Jerre E. Birdsong  
Treasurer

Boatmen's Trust Company  
Attn: Ms. Norine Flaherty  
100 North Broadway  
MO2-100-0970  
St. Louis, MO 63102

Re: Assignment of Bankers Trust Company as Successor Trustee,  
Union Electric Tax Qualified and Non-Tax Qualified Nuclear Decommissioning Trust Funds

Dear Norine:

An "Order" was issued by the Illinois Commerce Commission (ICC) on December 3, 1997 approving Bankers Trust Company (BTCO) as the successor trustee of the Tax Qualified and Non-Tax Qualified Nuclear Decommissioning Trust Funds.

The hearing examiner for the Missouri Public Service Commission (MPSC) indicated in a December 15, 1997 telephone conversation with UE attorney Mr. Mike Barnes that no objections or other problems were anticipated in obtaining MPSC approval of the appointment of BTCO as successor trustee of the Tax Qualified Nuclear Decommissioning Trust Fund. It currently appears that this approval will be granted by year-end 1997.

MPSC approval of the change in trustees for the Non-Tax Qualified Nuclear Decommissioning Trust Fund is not required. No approvals are required by the Federal Energy Regulatory Commission (FERC) for changes in trustees.

Based on the foregoing status of the required regulatory approvals, the following actions may now proceed:

- BTCO shall assume responsibility as successor trustee of the Non-Tax Qualified Nuclear Decommissioning Trust Fund on January 1, 1998.
- In anticipation of MPSC approval, BTCO shall proceed with the actions necessary to assume responsibility as successor trustee of the Tax Qualified Nuclear Decommissioning Trust Fund on January 1, 1998.

Thank you for your attention to this matter. If there are any questions, please contact Mr. Kevin L. Redhage at (314) 554-3836.

Sincerely,

A handwritten signature in cursive script, reading "Jerre E. Birdsong", written in dark ink.